

By M. H. H. H.

S.B. No. 1406

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of Texas water development bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subdivision (11), Section 16.001, Water Code, is amended to read as follows:

(11) "Water development bonds" means the Texas Water Development Bonds authorized by Article III, Sections 49-c and 49-d, of the Texas Constitution and bonds dedicated to use for the purposes of those sections under Article III, Sections [~~Section~~] 49-d-2 and 49-d-6, of the Texas Constitution.

SECTION 2. Subdivisions (11) and (12), Section 17.001, Water Code, are amended to read as follows:

(11) "Water development bonds" means the Texas Water Development Bonds authorized by Article III, Sections 49-c and 49-d, of the Texas Constitution and bonds dedicated to use for the purposes of those sections and for flood control purposes under Article III, Sections [~~Section~~] 49-d-2 and 49-d-6, of the Texas Constitution.

(12) "Water quality enhancement bonds" means the Texas Water Development Bonds authorized by Article III, Section 49-d-1, of the Texas Constitution and bonds dedicated to use for the purposes of that section by Article III, Sections [~~Section~~] 49-d-2 and 49-d-6, of the Texas Constitution.

SECTION 3. Section 17.011(a), Water Code, is amended to read

1 as follows:

2 (a) The board, by resolution, from time to time may provide
3 for the issuance of negotiable bonds in an aggregate amount not to
4 exceed \$400 million pursuant to Article III, Section 49-c and
5 Section 49-d, of the Texas Constitution, and the issuance of
6 additional negotiable bonds in an aggregate amount not to exceed
7 \$200 million pursuant to Article III, Section 49-d-1, of the Texas
8 Constitution, ~~[and]~~ not to exceed \$980 million pursuant to Article
9 III, Section 49-d-2, of the Texas Constitution, and not to exceed
10 \$400 million pursuant to Article III, Section 49-d-6, of the Texas
11 Constitution.

12 SECTION 4. Section 17.028, Water Code, is amended to read as
13 follows:

14 Sec. 17.028. PAYMENT ENFORCEABLE BY MANDAMUS. Payment of
15 the bonds and performance of official duties prescribed by Article
16 III, Sections 49-c, 49-d, 49-d-1, ~~[and]~~ 49-d-2, and 49-d-6, of the
17 Texas Constitution and by this subchapter may be enforced in any
18 court of competent jurisdiction by mandamus or other appropriate
19 proceeding.

20 SECTION 5. Sections 17.072(b) and (h), Water Code, are
21 amended to read as follows:

22 (b) Except as provided by Subsections (f) and (h) of this
23 section, proceeds from the sale of water development bonds,
24 together with all proceeds (excluding accrued interest which shall
25 be deposited into the interest and sinking fund) from the sale,
26 refunding, or prepayment of political subdivision bonds acquired in
27 carrying out the purposes set out in Article III, Sections 49-c,

1 49-d, [~~and~~] 49-d-2, and 49-d-6, of the Texas Constitution, shall be
2 deposited in a special account in the development fund designated
3 "water development account," and other money for deposit therein as
4 provided in this chapter shall be credited to the water development
5 account.

6 (h) All proceeds from the sale of the \$250 [~~\$200~~] million in
7 water development bonds authorized by Article III, Sections
8 [~~Section~~] 49-d-2 and 49-d-6, of the Texas Constitution for the
9 purposes of flood control, together with all proceeds, excluding
10 accrued interest, from the sale, refunding, or prepayment of
11 political subdivision bonds acquired in carrying out the purposes
12 of the flood control program, shall be deposited in a special
13 account designated as the flood control account created in the
14 development fund. Other money designated for deposit in that
15 account by this chapter shall be deposited in the flood control
16 account. Accrued interest from the proceeds of the sale,
17 refunding, or prepayment of political subdivision bonds shall be
18 deposited in the interest and sinking fund.

19 SECTION 6. Sections 17.077, 17.271, and 17.771, Water Code,
20 are amended to read as follows:

21 Sec. 17.077. CREDITS TO CLEARANCE FUND. Except for proceeds
22 from the sale of bonds and proceeds from the sale, refunding, or
23 prepayment, of political subdivision bonds acquired in carrying out
24 the purposes in Article III, Sections 49-c, 49-d, 49-d-1, [~~and~~]
25 49-d-2, and 49-d-6, of the Texas Constitution, which shall be
26 deposited in accordance with Sections 17.072, 17.134, and 17.180 of
27 this code, and the proceeds from the sale, refinancing, or other

1 liquidation of the investments made under Sections 17.083, 17.085,
2 and 17.086 of this code which shall be deposited in the fund that
3 provided the money for the investment, all money received by the
4 board in any fiscal year, including all amounts received as
5 repayment of loans to political subdivisions and interest on those
6 loans, shall be credited to the clearance fund. Money in the
7 clearance fund may be transferred at any time to the interest and
8 sinking fund until the reserve in that fund is equal to the average
9 annual principal and interest requirements on all outstanding
10 bonds.

11 Sec. 17.271. PURPOSE. The purpose of this subchapter is to
12 provide for making loans of water quality enhancement funds
13 authorized by Article III, Sections 49-d-1, [and] 49-d-2, and
14 49-d-6, of the Texas Constitution to political subdivisions of the
15 state for the construction of treatment works.

16 Sec. 17.771. PURPOSE. The purpose of this subchapter is to
17 provide for making loans of flood control funds authorized by
18 Article III, Sections [~~Section~~] 49-d-2 and 49-d-6, of the Texas
19 Constitution, to political subdivisions of the state for the
20 development of floodplain management plans and for structural and
21 nonstructural flood control projects.

22 SECTION 7. Subdivision (4), Section 17.272, Water Code, is
23 amended to read as follows:

24 (4) "Water quality enhancement funds" means the
25 proceeds from the sale of Texas Water Development Bonds issued
26 under the authority of Article III, Section 49-d-1, of the Texas
27 Constitution and proceeds from the sale of bonds dedicated to water

1 quality enhancement purposes under Article III, Sections [~~Section~~]
2 49-d-2 and 49-d-6, of the Texas Constitution.

3 SECTION 8. Subdivision (1), Section 17.772, Water Code, is
4 amended to read as follows:

5 (1) "Flood control funds" means the proceeds from the
6 sale of Texas Water Development Bonds issued under the authority of
7 Article III, Sections [~~Section~~] 49-d-2 and 49-d-6, of the Texas
8 Constitution, and reserved for flood control purposes.

9 SECTION 9. This Act takes effect when and only if the
10 constitutional amendment proposed by _____ J.R. No. _____, 70th
11 Legislature, Regular Session, 1987, is adopted.

12 SECTION 10. The importance of this legislation and the
13 crowded condition of the calendars in both houses create an
14 emergency and an imperative public necessity that the
15 constitutional rule requiring bills to be read on three several
16 days in each house be suspended, and this rule is hereby suspended.

By: Montford S.B. No. 1406
(In the Senate - Filed April 8, 1987; April 8, 1987, read first time and referred to Committee on State Affairs; April 30, 1987, reported adversely, with favorable Committee Substitute by the following vote: Yeas 8, Nays 0; April 30, 1987, sent to printer.)

COMMITTEE VOTE

8		Yea	Nay	PNV	Absent
9	Farabee				
10	Blake				x
11	Barrientos				x
12	Caperton	x			
13	Edwards	x			
14	Harris	x			
15	Henderson				x
16	Leedom	x			
17	Lyon	x			
18	McFarland	x			
19	Parmer	x			
20	Sarpalius	x			
21	Washington				x

COMMITTEE SUBSTITUTE FOR S.B. No. 1406

By: McFarland

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SECTION 2. Subdivisions (11) and (12), Section 17.001, Water Code, are amended to read as follows:

(11) "Water development bonds" means the Texas Water Development Bonds authorized by Article III, Sections 49-c and 49-d, of the Texas Constitution and bonds dedicated to use for the purposes of those sections and for flood control purposes under Article III, Sections [~~Section~~] 49-d-2 and 49-d-6, of the Texas Constitution.

(12) "Water quality enhancement bonds" means the Texas Water Development Bonds authorized by Article III, Section 49-d-1, of the Texas Constitution and bonds dedicated to use for the purposes of that section by Article III, Sections ~~[Section]~~ 49-d-2 and 49-d-6, of the Texas Constitution.

SECTION 3. Subsection (a), Section 17.011, Water Code, is amended to read as follows:

(a) The board, by resolution, from time to time may provide for the issuance of negotiable bonds in an aggregate amount not to exceed \$400 million pursuant to Article III, Section 49-c and Section 49-d, of the Texas Constitution, and the issuance of additional negotiable bonds in an aggregate amount not to exceed \$200 million pursuant to Article III, Section 49-d-1, of the Texas Constitution, [and] not to exceed \$980 million pursuant to Article III, Section 49-d-2, of the Texas Constitution, and not to exceed \$400 million pursuant to Article III, Section 49-d-6, of the Texas Constitution.

SECTION 4. Section 17.028, Water Code, is amended to read as follows:

Sec. 17.028. PAYMENT ENFORCEABLE BY MANDAMUS. Payment of the bonds and performance of official duties prescribed by Article III, Sections 49-c, 49-d, 49-d-1, [and] 49-d-2, and 49-d-6, of the Texas Constitution and by this subchapter may be enforced in any court of competent jurisdiction by mandamus or other appropriate proceeding.

SECTION 5. Subsections (b) and (h), Section 17.072, Water Code, are amended to read as follows:

(b) Except as provided by Subsections (f) and (h) of this section, proceeds from the sale of water development bonds, together with all proceeds (excluding accrued interest which shall be deposited into the interest and sinking fund) from the sale, refunding, or prepayment of political subdivision bonds acquired in carrying out the purposes set out in Article III, Sections 49-c, 49-d, ~~[and]~~ 49-d-2, and 49-d-6, of the Texas Constitution, shall be deposited in a special account in the development fund designated "water development account," and other money for deposit therein as provided in this chapter shall be credited to the water development account.

(h) All proceeds from the sale of the \$250 ~~[\$200]~~ million in water development bonds authorized by Article III, ~~Sections~~ ~~[Section]~~ 49-d-2 and 49-d-6, of the Texas Constitution for the purposes of flood control, together with all proceeds, excluding accrued interest, from the sale, refunding, or prepayment of political subdivision bonds acquired in carrying out the purposes of the flood control program, shall be deposited in a special account designated as the flood control account created in the development fund. Other money designated for deposit in that account by this chapter shall be deposited in the flood control account. Accrued interest from the proceeds of the sale, refunding, or prepayment of political subdivision bonds shall be deposited in the interest and sinking fund.

SECTION 6. Sections 17.077, 17.271, and 17.771, Water Code, are amended to read as follows:

Sec. 17.077. CREDITS TO CLEARANCE FUND. Except for proceeds from the sale of bonds and proceeds from the sale, refunding, or prepayment, of political subdivision bonds acquired in carrying out the purposes in Article III, Sections 49-c, 49-d, 49-d-1, ~~[and]~~ 49-d-2, and 49-d-6, of the Texas Constitution, which shall be deposited in accordance with Sections 17.072, 17.134, and 17.180 of this code, and the proceeds from the sale, refinancing, or other liquidation of the investments made under Sections 17.083, 17.085, and 17.086 of this code which shall be deposited in the fund that provided the money for the investment, all money received by the board in any fiscal year, including all amounts received as repayment of loans to political subdivisions and interest on those loans, shall be credited to the clearance fund. Money in the clearance fund may be transferred at any time to the interest and sinking fund until the reserve in that fund is equal to the average annual principal and interest requirements on all outstanding bonds.

Sec. 17.271. PURPOSE. The purpose of this subchapter is to provide for making loans of water quality enhancement funds authorized by Article III, Sections 49-d-1, ~~[and]~~ 49-d-2, and 49-d-6, of the Texas Constitution to political subdivisions of the state for the construction of treatment works.

Sec. 17.771. PURPOSE. The purpose of this subchapter is to provide for making loans of flood control funds authorized by Article III, ~~Sections~~ ~~[Section]~~ 49-d-2 and 49-d-6, of the Texas Constitution, to political subdivisions of the state for the development of floodplain management plans and for structural and nonstructural flood control projects.

SECTION 7. Subdivision (4), Section 17.272, Water Code, is amended to read as follows:

(4) "Water quality enhancement funds" means the proceeds from the sale of Texas Water Development Bonds issued under the authority of Article III, Section 49-d-1, of the Texas Constitution and proceeds from the sale of bonds dedicated to water quality enhancement purposes under Article III, ~~Sections~~ ~~[Section]~~ 49-d-2 and 49-d-6, of the Texas Constitution.

SECTION 8. Subdivision (1), Section 17.772, Water Code, is amended to read as follows:

(1) "Flood control funds" means the proceeds from the sale of Texas Water Development Bonds issued under the authority of Article III, ~~Sections~~ ~~[Section]~~ 49-d-2 and 49-d-6, of the Texas Constitution, and reserved for flood control purposes.

SECTION 9. REVIEW BOARD. (a) The bond review board is composed of:

- (1) the governor;
- (2) the lieutenant governor;
- (3) the speaker of the house of representatives;
- (4) the state treasurer; and
- (5) the comptroller of public accounts.

(b) The governor is chairman of the review board.

(c) Bonds may not be issued after the effective date of this Act and proceeds of bonds issued after the effective date of this Act may not be used to finance a project unless the issuance or project, as applicable, has been reviewed and approved by the review board.

(d) The review board may adopt rules governing application for review, the review process, and reporting requirements.

(e) A member of the review board may not be held liable for damages resulting from the performance of the members' functions under this Act.

SECTION 10. This Act takes effect when and only if the constitutional amendment proposed by _____ J.R. No. _____, 70th Legislature, Regular Session, 1987, is adopted.

SECTION 11. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

* * * * *

Austin, Texas
April 30, 1987

Hon. William P. Hobby
President of the Senate

Sir:

We, your Committee on State Affairs to which was referred S.B. No. 1406, have had the same under consideration, and I am instructed to report it back to the Senate with the recommendation that it do not pass, but that the Committee Substitute adopted in lieu thereof do pass and be printed.

Farabee, Chairman

SENATE FAVORABLY AS SUBSTITUTED COMMITTEE REPORT

Lt. Governor William P. Hobby
President of the Senate

4/30/87
(date)/(time)

Sir:

We, your Committee on STATE AFFAIRS to which was referred
SB 1406 by Montford have on 4/29, 1987, had the same
(measure) (sponsor) (hearing date)

under consideration and I am instructed to report it back with the recommendation (s) that it

- ☒ do pass as substituted, and be printed
☒ the caption remained the same as original measure
☐ the caption changed with adoption of the substitute

☐ do pass as substituted, and be ordered not printed

☐ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☒ yes ☐ no

An actuarial analysis was requested. ☐ yes ☒ no

Considered by subcommittee. ☒ yes ☐ no

Senate Sponsor of House Measure _____

The measure was reported from Committee by the following vote:

	YEA	NAY	PNV	ABSENT
Farabee, Chairman _____				
Blake, Vice Chairman _____				<input checked="" type="checkbox"/>
Barrientos _____				<input checked="" type="checkbox"/>
Caperton _____	<input checked="" type="checkbox"/>			
Edwards _____	<input checked="" type="checkbox"/>			
Harris _____	<input checked="" type="checkbox"/>			
Henderson _____				<input checked="" type="checkbox"/>
Leedom _____	<input checked="" type="checkbox"/>			
Lyon _____	<input checked="" type="checkbox"/>			
McFarland _____	<input checked="" type="checkbox"/>			
Parmer _____	<input checked="" type="checkbox"/>			
Sarpalius _____	<input checked="" type="checkbox"/>			
Washington _____				<input checked="" type="checkbox"/>
TOTAL VOTES	8			4

Shanna Go COMMITTEE CLERK [Signature] CHAIRMAN

Paper clip the original and one copy of this form along with TWO copies of the Committee Substitute to the original bill and retain one copy for Reporting Committee file.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

April 11, 1987

TO: Honorable Ray Farabee, Chairman
Committee on State Affairs
Senate Chamber
Austin, Texas

In Re: Senate Bill No. 1406
By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1406 (relating to the issuance of Texas water development bonds) this office has determined the following:

The bill would amend the Water Code relating to the issuance of Texas water development bonds. The bill would be implemented by Senate Joint Resolution No. 54, or similar legislation.

Senate Joint Resolution No. 54 would authorize the Water Development Board to issue an additional \$200 million of bonds for the purposes provided by Section 49-c of Article III of the Texas Constitution, \$150 million of bonds for the purposes of Section 49-d-1 of Article III, and \$50 million for flood control as provided by law.

The Legislature may provide for review and approval of the issuance of the bonds, the use of the bond proceeds, or the rules adopted by the Board to govern use of the bond proceeds.

These would be general obligation bonds. It is assumed for purposes of this fiscal note that the payments from loans made to local units of government would be sufficient to finance the debt service on the bonds issued by the Water Development Board. There is the potential for the State's debt service in some years to exceed the amount available to the Water Development Board, thereby necessitating use of the constitutional, self-enacting appropriation of general revenue funds to finance debt service.

It is significant that since 1980, the Water Development Board has not used general revenue funds for debt service. Cash flow projections of the Board indicate that there will be no need for general revenue financing for debt service on these bonds, barring unanticipated catastrophic events.

The fiscal implications to units of local government would vary depending on participation in the program and cannot be determined for purposes of this fiscal note for lack of basic data.

Source: LBB Staff: JO, HES, JWH, AF

By: Montford

S.B. No. 1406

Substitute the following for S.B. No. 1406:

By: McFarland

C.S.S.B. No. 1406

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SECTION 2. Subdivisions (11) and (12), Section 17.001, Water Code, are amended to read as follows:

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(12) "Water quality enhancement bonds" means the Texas Water Development Bonds authorized by Article III, Section 49-d-1, of the Texas Constitution and bonds dedicated to use for the purposes of that section by Article III, Sections [Section] 49-d-2 and 49-d-6, of the Texas Constitution.

4/30/87
5/7/87

1 SECTION 3. Subsection (a), Section 17.011, Water Code, is
2 amended to read as follows: */1.2*

3 (a) The board, by resolution, from time to time may provide
4 for the issuance of negotiable bonds in an aggregate amount not to
5 exceed \$400 million pursuant to Article III, Section 49-c and
6 Section 49-d, of the Texas Constitution, and the issuance of
7 additional negotiable bonds in an aggregate amount not to exceed
8 \$200 million pursuant to Article III, Section 49-d-1, of the Texas
9 Constitution, [and] not to exceed \$980 million pursuant to Article
10 III, Section 49-d-2, of the Texas Constitution, and not to exceed
11 \$400 million pursuant to Article III, Section 49-d-6, of the Texas
12 Constitution.

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14 follows:

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16 the bonds and performance of official duties prescribed by Article
17 III, Sections 49-c, 49-d, 49-d-1, [and] 49-d-2, and 49-d-6, of the
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19 court of competent jurisdiction by mandamus or other appropriate
20 proceeding.

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22 Code, are amended to read as follows:

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24 section, proceeds from the sale of water development bonds,
25 together with all proceeds (excluding accrued interest which shall

1 be deposited into the interest and sinking fund) from the sale,
2 refunding, or prepayment of political subdivision bonds acquired in
3 carrying out the purposes set out in Article III, Sections 49-c,
4 49-d, [and] 49-d-2, and 49-d-6, of the Texas Constitution, shall be ²⁻³
5 deposited in a special account in the development fund designated
6 "water development account," and other money for deposit therein as
7 provided in this chapter shall be credited to the water development
8 account.

9 (h) All proceeds from the sale of the \$250 [~~\$200~~] million in
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11 [~~Section~~] 49-d-2 and 49-d-6, of the Texas Constitution for the
12 purposes of flood control, together with all proceeds, excluding
13 accrued interest, from the sale, refunding, or prepayment of
14 political subdivision bonds acquired in carrying out the purposes
15 of the flood control program, shall be deposited in a special
16 account designated as the flood control account created in the
17 development fund. Other money designated for deposit in that
18 account by this chapter shall be deposited in the flood control
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3 49-d-2, and 49-d-6, of the Texas Constitution, which shall be
4 deposited in accordance with Sections 17.072, 17.134, and 17.180 of ^{3.4}
5 this code, and the proceeds from the sale, refinancing, or other
6 liquidation of the investments made under Sections 17.083, 17.085,
7 and 17.086 of this code which shall be deposited in the fund that
8 provided the money for the investment, all money received by the
9 board in any fiscal year, including all amounts received as
10 repayment of loans to political subdivisions and interest on those
11 loans, shall be credited to the clearance fund. Money in the
12 clearance fund may be transferred at any time to the interest and
13 sinking fund until the reserve in that fund is equal to the average
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6 under the authority of Article III, Section 49-d-1, of the Texas
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8 quality enhancement purposes under Article III, Sections [~~Section~~]
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17 composed of:

- 18 (1) the governor;
19 (2) the lieutenant governor;
20 (3) the speaker of the house of representatives;
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22 (5) the comptroller of public accounts.

23 (b) The governor is chairman of the review board.

24 (c) Bonds may not be issued after the effective date of this
25 Act and proceeds of bonds issued after the effective date of this

1 Act may not be used to finance a project unless the issuance or
2 project, as applicable, has been reviewed and approved by the
3 review board.

4 (d) The review board may adopt rules governing application
5 for review, the review process, and reporting requirements.

6 (e) A member of the review board may not be held liable for ⁵⁻⁶
7 damages resulting from the performance of the members' functions
8 under this Act.

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15 constitutional rule requiring bills to be read on three several
16 days in each house be suspended, and this rule is hereby suspended.

May 7 19 87 Engrossed

1987 MAY 13 Engrossing Clerk

I certify that the attached is a true and correct
copy of SB 1406, which was
received from the Senate on MAY 8 1987 and
referred to the Committee on Natural Resources

Betty Murray
Chief Clerk of the House

By: Montford

S.B. No. 1406

(Smith of Travis)

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13 Sec. 17.028. PAYMENT ENFORCEABLE BY MANDAMUS. Payment of
14 the bonds and performance of official duties prescribed by Article
15 III, Sections 49-c, 49-d, 49-d-1, ~~[and]~~ 49-d-2, and 49-d-6, of the
16 Texas Constitution and by this subchapter may be enforced in any
17 court of competent jurisdiction by mandamus or other appropriate
18 proceeding.

19 SECTION 5. Subsections (b) and (h), Section 17.072, Water
20 Code, are amended to read as follows:

21 (b) Except as provided by Subsections (f) and (h) of this
22 section, proceeds from the sale of water development bonds,
23 together with all proceeds (excluding accrued interest which shall
24 be deposited into the interest and sinking fund) from the sale,
25 refunding, or prepayment of political subdivision bonds acquired in
26 carrying out the purposes set out in Article III, Sections 49-c,

49-d, [~~and~~] 49-d-2, and 49-d-6, of the Texas Constitution, shall be deposited in a special account in the development fund designated "water development account," and other money for deposit therein as provided in this chapter shall be credited to the water development account.

(h) All proceeds from the sale of the \$250 [~~\$200~~] million in water development bonds authorized by Article III, Sections [~~Section~~] 49-d-2 and 49-d-6, of the Texas Constitution for the purposes of flood control, together with all proceeds, excluding accrued interest, from the sale, refunding, or prepayment of political subdivision bonds acquired in carrying out the purposes of the flood control program, shall be deposited in a special account designated as the flood control account created in the development fund. Other money designated for deposit in that account by this chapter shall be deposited in the flood control account. Accrued interest from the proceeds of the sale, refunding, or prepayment of political subdivision bonds shall be deposited in the interest and sinking fund.

SECTION 6. Sections 17.077, 17.271, and 17.771, Water Code, are amended to read as follows:

Sec. 17.077. CREDITS TO CLEARANCE FUND. Except for proceeds from the sale of bonds and proceeds from the sale, refunding, or prepayment, of political subdivision bonds acquired in carrying out the purposes in Article III, Sections 49-c, 49-d, 49-d-1, [~~and~~] 49-d-2, and 49-d-6, of the Texas Constitution, which shall be deposited in accordance with Sections 17.072, 17.134, and 17.180 of

1 this code, and the proceeds from the sale, refinancing, or other
 2 liquidation of the investments made under Sections 17.083, 17.085,
 3 and 17.086 of this code which shall be deposited in the fund that
 4 provided the money for the investment, all money received by the
 5 board in any fiscal year, including all amounts received as
 6 repayment of loans to political subdivisions and interest on those
 7 loans, shall be credited to the clearance fund. Money in the
 8 clearance fund may be transferred at any time to the interest and
 9 sinking fund until the reserve in that fund is equal to the average
 10 annual principal and interest requirements on all outstanding
 11 bonds.

12 Sec. 17.271. PURPOSE. The purpose of this subchapter is to
 13 provide for making loans of water quality enhancement funds
 14 authorized by Article III, Sections 49-d-1, ~~[and]~~ 49-d-2, and
 15 49-d-6, of the Texas Constitution to political subdivisions of the
 16 state for the construction of treatment works.

17 Sec. 17.771. PURPOSE. The purpose of this subchapter is to
 18 provide for making loans of flood control funds authorized by
 19 Article III, Sections ~~[Section]~~ 49-d-2 and 49-d-6, of the Texas
 20 Constitution, to political subdivisions of the state for the
 21 development of floodplain management plans and for structural and
 22 nonstructural flood control projects.

23 SECTION 7. Subdivision (4), Section 17.272, Water Code, is
 24 amended to read as follows:

25 (4) "Water quality enhancement funds" means the
 26 proceeds from the sale of Texas Water Development Bonds issued

1 under the authority of Article III, Section 49-d-1, of the Texas
2 Constitution and proceeds from the sale of bonds dedicated to water
3 quality enhancement purposes under Article III, Sections [~~Section~~]
4 49-d-2 and 49-d-6, of the Texas Constitution.

5 SECTION 8. Subdivision (1), Section 17.772, Water Code, is
6 amended to read as follows:

7 (1) "Flood control funds" means the proceeds from the
8 sale of Texas Water Development Bonds issued under the authority of
9 Article III, Sections [~~Section~~] 49-d-2 and 49-d-6, of the Texas
10 Constitution, and reserved for flood control purposes.

11 SECTION 9. REVIEW BOARD. (a) The bond review board is
12 composed of:

- 13 (1) the governor;
14 (2) the lieutenant governor;
15 (3) the speaker of the house of representatives;
16 (4) the state treasurer; and
17 (5) the comptroller of public accounts.

18 (b) The governor is chairman of the review board.

19 (c) Bonds may not be issued after the effective date of this
20 Act and proceeds of bonds issued after the effective date of this
21 Act may not be used to finance a project unless the issuance or
22 project, as applicable, has been reviewed and approved by the
23 review board.

24 (d) The review board may adopt rules governing application
25 for review, the review process, and reporting requirements.

26 (e) A member of the review board may not be held liable for

1 damages resulting from the performance of the members' functions
2 under this Act.

3 SECTION 10. This Act takes effect when and only if the
4 constitutional amendment proposed by S.J.R. No. 54, 70th
5 Legislature, Regular Session, 1987, is adopted.

6 SECTION 11. The importance of this legislation and the
7 crowded condition of the calendars in both houses create an
8 emergency and an imperative public necessity that the
9 constitutional rule requiring bills to be read on three several
10 days in each house be suspended, and this rule is hereby suspended.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

April 11, 1987

TO: Honorable Ray Farabee, Chairman
Committee on State Affairs
Senate Chamber
Austin, Texas

In Re: Senate Bill No. 1406
By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1406 (relating to the issuance of Texas water development bonds) this office has determined the following:

The bill would amend the Water Code relating to the issuance of Texas water development bonds. The bill would be implemented by Senate Joint Resolution No. 54, or similar legislation.

Senate Joint Resolution No. 54 would authorize the Water Development Board to issue an additional \$200 million of bonds for the purposes provided by Section 49-c of Article III of the Texas Constitution, \$150 million of bonds for the purposes of Section 49-d-1 of Article III, and \$50 million for flood control as provided by law.

The Legislature may provide for review and approval of the issuance of the bonds, the use of the bond proceeds, or the rules adopted by the Board to govern use of the bond proceeds.

These would be general obligation bonds. It is assumed for purposes of this fiscal note that the payments from loans made to local units of government would be sufficient to finance the debt service on the bonds issued by the Water Development Board. There is the potential for the State's debt service in some years to exceed the amount available to the Water Development Board, thereby necessitating use of the constitutional, self-enacting appropriation of general revenue funds to finance debt service.

It is significant that since 1980, the Water Development Board has not used general revenue funds for debt service. Cash flow projections of the Board indicate that there will be no need for general revenue financing for debt service on these bonds, barring unanticipated catastrophic events.

The fiscal implications to units of local government would vary depending on participation in the program and cannot be determined for purposes of this fiscal note for lack of basic data.

Source: LBB Staff: JO, HES, JWH, AF

HOUSE COMMITTEE REPORT

1937 MAY 22 AM 12:33

1st Printing

By: Montford
(Smith of Travis)

S.B. No. 1406

A BILL TO BE ENTITLED

AN ACT

relating to the issuance of Texas water development bonds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subdivision (11), Section 16.001, Water Code, is amended to read as follows:

(11) "Water development bonds" means the Texas Water Development Bonds authorized by Article III, Sections 49-c and 49-d, of the Texas Constitution and bonds dedicated to use for the purposes of those sections under Article III, Sections [Section] 49-d-2 and 49-d-6, of the Texas Constitution.

SECTION 2. Subdivisions (11) and (12), Section 17.001, Water Code, are amended to read as follows:

(11) "Water development bonds" means the Texas Water Development Bonds authorized by Article III, Sections 49-c and 49-d, of the Texas Constitution and bonds dedicated to use for the purposes of those sections and for flood control purposes under Article III, Sections [Section] 49-d-2 and 49-d-6, of the Texas Constitution.

(12) "Water quality enhancement bonds" means the Texas Water Development Bonds authorized by Article III, Section 49-d-1, of the Texas Constitution and bonds dedicated to use for the purposes of that section by Article III, Sections [Section] 49-d-2 and 49-d-6, of the Texas Constitution.

SECTION 3. Subsection (a), Section 17.011, Water Code, is amended to read as follows:

1 (a) The board, by resolution, from time to time may provide
2 for the issuance of negotiable bonds in an aggregate amount not to
3 exceed \$400 million pursuant to Article III, Section 49-c and
4 Section 49-d, of the Texas Constitution, and the issuance of
5 additional negotiable bonds in an aggregate amount not to exceed
6 \$200 million pursuant to Article III, Section 49-d-1, of the Texas
7 Constitution, [and] not to exceed \$980 million pursuant to Article
8 III, Section 49-d-2, of the Texas Constitution, and not to exceed
9 \$400 million pursuant to Article III, Section 49-d-6, of the Texas
10 Constitution.

11 SECTION 4. Section 17.028, Water Code, is amended to read as
12 follows:

13 Sec. 17.028. PAYMENT ENFORCEABLE BY MANDAMUS. Payment of
14 the bonds and performance of official duties prescribed by Article
15 III, Sections 49-c, 49-d, 49-d-1, [and] 49-d-2, and 49-d-6, of the
16 Texas Constitution and by this subchapter may be enforced in any
17 court of competent jurisdiction by mandamus or other appropriate
18 proceeding.

19 SECTION 5. Subsections (b) and (h), Section 17.072, Water
20 Code, are amended to read as follows:

21 (b) Except as provided by Subsections (f) and (h) of this
22 section, proceeds from the sale of water development bonds,
23 together with all proceeds (excluding accrued interest which shall
24 be deposited into the interest and sinking fund) from the sale,
25 refunding, or prepayment of political subdivision bonds acquired in
26 carrying out the purposes set out in Article III, Sections 49-c,

1 49-d, [~~and~~] 49-d-2, and 49-d-6, of the Texas Constitution, shall be
2 deposited in a special account in the development fund designated
3 "water development account," and other money for deposit therein as
4 provided in this chapter shall be credited to the water development
5 account.

6 (h) All proceeds from the sale of the \$250 [~~\$200~~] million in
7 water development bonds authorized by Article III, Sections
8 [~~Section~~] 49-d-2 and 49-d-6, of the Texas Constitution for the
9 purposes of flood control, together with all proceeds, excluding
10 accrued interest, from the sale, refunding, or prepayment of
11 political subdivision bonds acquired in carrying out the purposes
12 of the flood control program, shall be deposited in a special
13 account designated as the flood control account created in the
14 development fund. Other money designated for deposit in that
15 account by this chapter shall be deposited in the flood control
16 account. Accrued interest from the proceeds of the sale,
17 refunding, or prepayment of political subdivision bonds shall be
18 deposited in the interest and sinking fund.

19 SECTION 6. Sections 17.077, 17.271, and 17.771, Water Code,
20 are amended to read as follows:

21 Sec. 17.077. CREDITS TO CLEARANCE FUND. Except for proceeds
22 from the sale of bonds and proceeds from the sale, refunding, or
23 prepayment, of political subdivision bonds acquired in carrying out
24 the purposes in Article III, Sections 49-c, 49-d, 49-d-1, [~~and~~]
25 49-d-2, and 49-d-6, of the Texas Constitution, which shall be
26 deposited in accordance with Sections 17.072, 17.134, and 17.180 of

1 this code, and the proceeds from the sale, refinancing, or other
2 liquidation of the investments made under Sections 17.083, 17.085,
3 and 17.086 of this code which shall be deposited in the fund that
4 provided the money for the investment, all money received by the
5 board in any fiscal year, including all amounts received as
6 repayment of loans to political subdivisions and interest on those
7 loans, shall be credited to the clearance fund. Money in the
8 clearance fund may be transferred at any time to the interest and
9 sinking fund until the reserve in that fund is equal to the average
10 annual principal and interest requirements on all outstanding
11 bonds.

12 Sec. 17.271. PURPOSE. The purpose of this subchapter is to
13 provide for making loans of water quality enhancement funds
14 authorized by Article III, Sections 49-d-1, [and] 49-d-2, and
15 49-d-6, of the Texas Constitution to political subdivisions of the
16 state for the construction of treatment works.

17 Sec. 17.771. PURPOSE. The purpose of this subchapter is to
18 provide for making loans of flood control funds authorized by
19 Article III, Sections [~~Section~~] 49-d-2 and 49-d-6, of the Texas
20 Constitution, to political subdivisions of the state for the
21 development of floodplain management plans and for structural and
22 nonstructural flood control projects.

23 SECTION 7. Subdivision (4), Section 17.272, Water Code, is
24 amended to read as follows:

25 (4) "Water quality enhancement funds" means the
26 proceeds from the sale of Texas Water Development Bonds issued

1 under the authority of Article III, Section 49-d-1, of the Texas
2 Constitution and proceeds from the sale of bonds dedicated to water
3 quality enhancement purposes under Article III, Sections [~~Section~~]
4 49-d-2 and 49-d-6, of the Texas Constitution.

5 SECTION 8. Subdivision (1), Section 17.772, Water Code, is
6 amended to read as follows:

7 (1) "Flood control funds" means the proceeds from the
8 sale of Texas Water Development Bonds issued under the authority of
9 Article III, Sections [~~Section~~] 49-d-2 and 49-d-6, of the Texas
10 Constitution, and reserved for flood control purposes.

11 SECTION 9. REVIEW BOARD. (a) The bond review board is
12 composed of:

- 13 (1) the governor;
14 (2) the lieutenant governor;
15 (3) the speaker of the house of representatives;
16 (4) the state treasurer; and
17 (5) the comptroller of public accounts.

18 (b) The governor is chairman of the review board.

19 (c) Bonds may not be issued after the effective date of this
20 Act and proceeds of bonds issued after the effective date of this
21 Act may not be used to finance a project unless the issuance or
22 project, as applicable, has been reviewed and approved by the
23 review board.

24 (d) The review board may adopt rules governing application
25 for review, the review process, and reporting requirements.

26 (e) A member of the review board may not be held liable for

1 damages resulting from the performance of the members' functions
2 under this Act.

3 SECTION 10. This Act takes effect when and only if the
4 constitutional amendment proposed by S.J.R. No. 54, 70th
5 Legislature, Regular Session, 1987, is adopted.

6 SECTION 11. The importance of this legislation and the
7 crowded condition of the calendars in both houses create an
8 emergency and an imperative public necessity that the
9 constitutional rule requiring bills to be read on three several
10 days in each house be suspended, and this rule is hereby suspended.

COMMITTEE REPORT

The Honorable Gib Lewis
Speaker of the House of Representatives

5-20-87
(date)

Sir:

We, your COMMITTEE ON NATURAL RESOURCES,

to whom was referred SB 1406 have had the same under consideration and beg to report
(measure)
back with the recommendation that it

(X) do pass, without amendment.
() do pass, with amendment(s).
() do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.
A fiscal note was requested. (X) yes () no An actuarial analysis was requested. () yes (X) no

An author s fiscal statement was requested. () yes (X) no

The Committee recommends that this measure be placed on the ~~XXXXXX~~ Local or Consent Calendar.

This measure () proposes new law. (X) amends existing law.

House Sponsor of Senate Measure T. Smith

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Smith, T., Ch.	X			
Harris, J., V.C.	X			
Johnson, C., C.B.O.	X			
Hammond				X
Holzheuser	X			
Russell	X			
Shelley				X
Toomey				X
Yost	X			

Total
6 aye
0 nay
0 present, not voting
3 absent

[Signature]
CHAIRMAN
[Signature]
COMMITTEE COORDINATOR

BILL ANALYSIS

Background

Several different constitutional amendments have provided authorization for bonds issued by the Water Development Board. The statute governing the Board, Chapter 17, Water Code, references these various constitutional amendments individually. S.J.R. 54 would authorize the issuance of an additional \$400 million in Water Development Bonds, the statutory language must incorporate the new constitutional amendment so that the Board may use the new authorization.

Purpose of the Bill

This bill would amend existing law to authorize the issuance of additional water development bonds.

Section by Section Analysis

- SECTION 1. Amends Section 16.001, Water Code, to include the bonds proposed by S.J.R. 54.
- SECTION 2. Amends Section 17.001, Water Code, to make conforming amendments.
- SECTION 3. Amends Section 17.011, Water Code, to make conforming amendments.
- SECTION 4. Amends Section 17.028, Water Code, to make conforming amendments.
- SECTION 5. Amends Section 17.072, Water Code, to make conforming amendments.
- SECTION 6. Amends Sections 17.077, 17.271, and 17.771, Water Code, to make conforming amendments.
- SECTION 7. Amends Section 17.272, Water Code, to make conforming amendments.
- SECTION 8. Amends Section 17.772, Water Code, to make conforming amendments.
- SECTION 9. Provides that the bond review board will consist of the governor, the lieutenant governor, the speaker of the house, the state treasurer, and the comptroller. Grants rulemaking authority to the board governing the application, review, and reporting process. Limits liability of members of review board.
- SECTION 10. Effective date is upon the successful adoption of the constitutional amendment proposed by S.J.R. 54.
- SECTION 11. Emergency clause.

Rulemaking Authority

This bill grants rulemaking authority to the Bond Review Board specifically under Section 9(d) to promulgate rules regarding the application, review and reporting process.

Summary of Committee Action

Public notice was posted in accordance to the rules and a public hearing was held on Wednesday, May 20, 1987, and the full committee voted to report SB 1406 to the House without amendment with a recommendation that it do pass by a record vote of 6 ayes, zero nays and zero present, not voting.

The following person testified in favor of SB 1406:

Steve Stagner, Executive Director
Texas Water Alliance

The following person testified on SB 1406:

Ken Kramer, Consultant
Sierra Club

The following person served as a resource witness on SB 1406:

Suzanne Schwartz, General Counsel
Texas Water Development Board

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

May 15, 1987

TO: Honorable Terral Smith, Chair
Committee on Natural Resources
House of Representatives
Austin, Texas

In Re: Senate Bill No. 1406,
as engrossed
By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1406, as engrossed (relating to the issuance of Texas water development bonds) this office has determined the following:

The bill would amend the Water Code relating to the issuance of Texas water development bonds. The bill would be implemented by Senate Joint Resolution No. 54, or similar legislation.

Senate Joint Resolution No. 54 would authorize the Water Development Board to issue an additional \$200 million of bonds for water supply, \$150 million of bonds for water quality, and \$50 million for flood control.

The Legislature may provide for review and approval of the issuance of the bonds, the use of the bond proceeds, or the rules adopted by the Board to govern use of the bond proceeds.

These would be general obligation bonds. It is assumed for purposes of this fiscal note that the payments from loans made to local units of government would be sufficient to finance the debt service on the bonds issued by the Water Development Board. There is the potential for the State's debt service in some years to exceed the amount available to the Water Development Board, thereby necessitating use of the constitutional, self-enacting appropriation of general revenue funds to finance debt service.

It is significant that since 1980, the Water Development Board has not used general revenue funds for debt service. Cash flow projections of the Board indicate that there will be no need for general revenue financing for debt service on these bonds, barring unanticipated catastrophic events.

The fiscal implications to units of local government would vary depending on participation in the program and cannot be determined for purposes of this fiscal note for lack of basic data.

Source: LBB Staff: JO, HES, JWH, BL

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE

April 11, 1987

TO: Honorable Ray Farabee, Chairman
Committee on State Affairs
Senate Chamber
Austin, Texas

In Re: Senate Bill No. 1406
By: Montford

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Senate Bill No. 1406 (relating to the issuance of Texas water development bonds) this office has determined the following:

The bill would amend the Water Code relating to the issuance of Texas water development bonds. The bill would be implemented by Senate Joint Resolution No. 54, or similar legislation.

Senate Joint Resolution No. 54 would authorize the Water Development Board to issue an additional \$200 million of bonds for the purposes provided by Section 49-c of Article III of the Texas Constitution, \$150 million of bonds for the purposes of Section 49-d-1 of Article III, and \$50 million for flood control as provided by law.

The Legislature may provide for review and approval of the issuance of the bonds, the use of the bond proceeds, or the rules adopted by the Board to govern use of the bond proceeds.

These would be general obligation bonds. It is assumed for purposes of this fiscal note that the payments from loans made to local units of government would be sufficient to finance the debt service on the bonds issued by the Water Development Board. There is the potential for the State's debt service in some years to exceed the amount available to the Water Development Board, thereby necessitating use of the constitutional, self-enacting appropriation of general revenue funds to finance debt service.

It is significant that since 1980, the Water Development Board has not used general revenue funds for debt service. Cash flow projections of the Board indicate that there will be no need for general revenue financing for debt service on these bonds, barring unanticipated catastrophic events.

The fiscal implications to units of local government would vary depending on participation in the program and cannot be determined for purposes of this fiscal note for lack of basic data.

Source: LBB Staff: JO, HES, JWH, AF

S. B. No. 1406

By M. H. H. H.

AN ACT relating to the issuance of Texas water development bonds.

APR 8 1987 Filed with the Secretary of the Senate

Read and referred to Committee on STATE AFFAIRS

Reported favorably _____

APR 30 1987

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

Ordered not printed

MAY 7 1987

Laid before the Senate

Senate and Constitutional Rules to permit consideration suspended by:

unanimous consent

____ years, ____ nays

MAY 7 1987

Read second time, _____, and ordered engrossed by:

unanimous consent

a viva voce vote

____ years, ____ nays

MAY 7 1987

Caption ordered amended to conform to the body of the bill.

Senate and Constitutional 3 Day Rule suspended by a vote of 30 yeas, 1 nays.

MAY 7 1987

Read third time, _____, and passed by _____ yeas, _____ nays.

BY A VIVA VOCE VOTE

Betty King

SECRETARY OF THE SENATE

OTHER ACTION:

May 7, 1987

Engrossed

MAY 8 1987

Sent to House

Engrossing Clerk

Patsy Law

MAY 8 1987

Received from the Senate

MAY 11 1987

Read first time and referred to Committee on

Natural Resources

5-20-87

Reported favorably amended, sent to Printer at

5:15 pm MAY 21 1987

MAY 22 1987

Printed and Distributed

12:30 P.M.

MAY 22 1987

Sent to Committee on Calendars

11:39 am

Read Second time (amended): passed to third reading (failed)

by (Non-Record Vote) Record Vote of _____ yeas, _____ nays _____ present not voting.

Constitutional Rule requiring bills to be read on three several days suspended (failed to suspend) by a four-fifths vote of _____ yeas, _____ nays _____ present not voting.

Read third time (amended); finally passed (failed) by a (Non-Record Vote) Record Vote of

____ yeas, ____ nays ____ present not voting.

Caption ordered amended to conform to body of bill.

Returned to Senate.

CHIEF CLERK OF THE HOUSE

Returned from House without amendment.

Returned from House with _____ amendments.

Concurred in House amendments by a viva voce vote _____ yeas, _____ nays.

_____ Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

_____ Senate conferees instructed.

_____ Senate conferees appointed: _____, Chairman; _____, _____, and _____

_____ House granted Senate request. House conferees appointed: _____, Chairman; _____, _____, _____

_____ Conference Committee Report read and filed with the Secretary of the Senate.

_____ Conference Committee Report adopted on the part of the House by: _____

{ a viva voce vote
_____ yeas, _____ nays

_____ Conference Committee Report adopted on the part of the Senate by: _____

{ a viva voce vote
_____ yeas, _____ nays

OTHER ACTION:

_____ Recommitted to Conference Committee

_____ Conferees discharged

_____ Conference Committee Report failed of adoption by: _____

{ a viva voce vote
_____ yeas, _____ nays

1937 MAY 22 AM 12:30

AS
NE - STK 54
same